

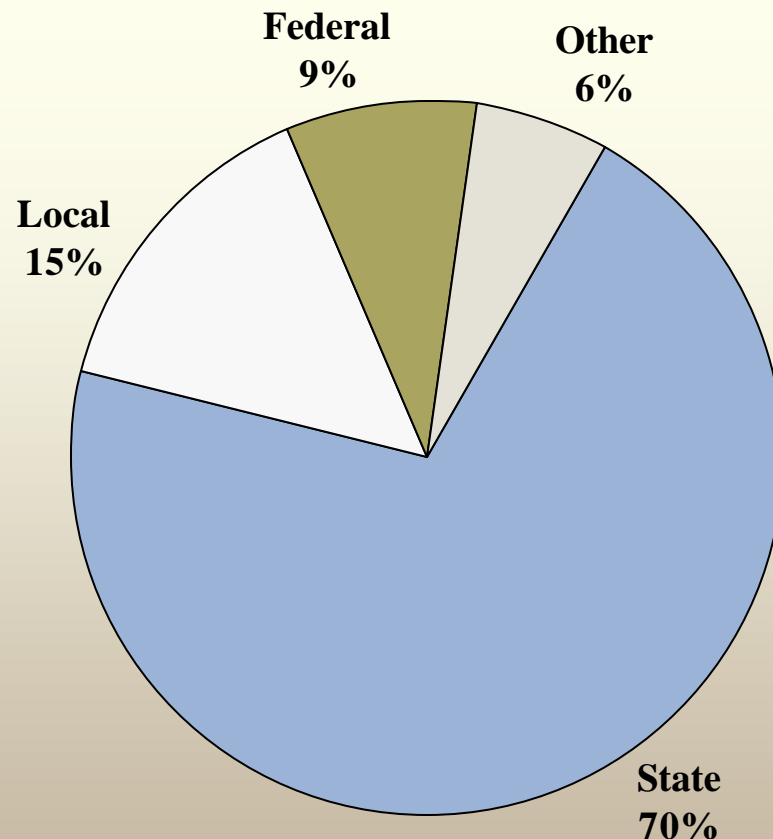
2003-05 K-12 Budget and Compensation Overview

Senate Ways and Means Committee Staff
JANUARY 23, 2003

<http://www.leg.wa.gov/senate/scs/wm>

Background to K-12 Finance

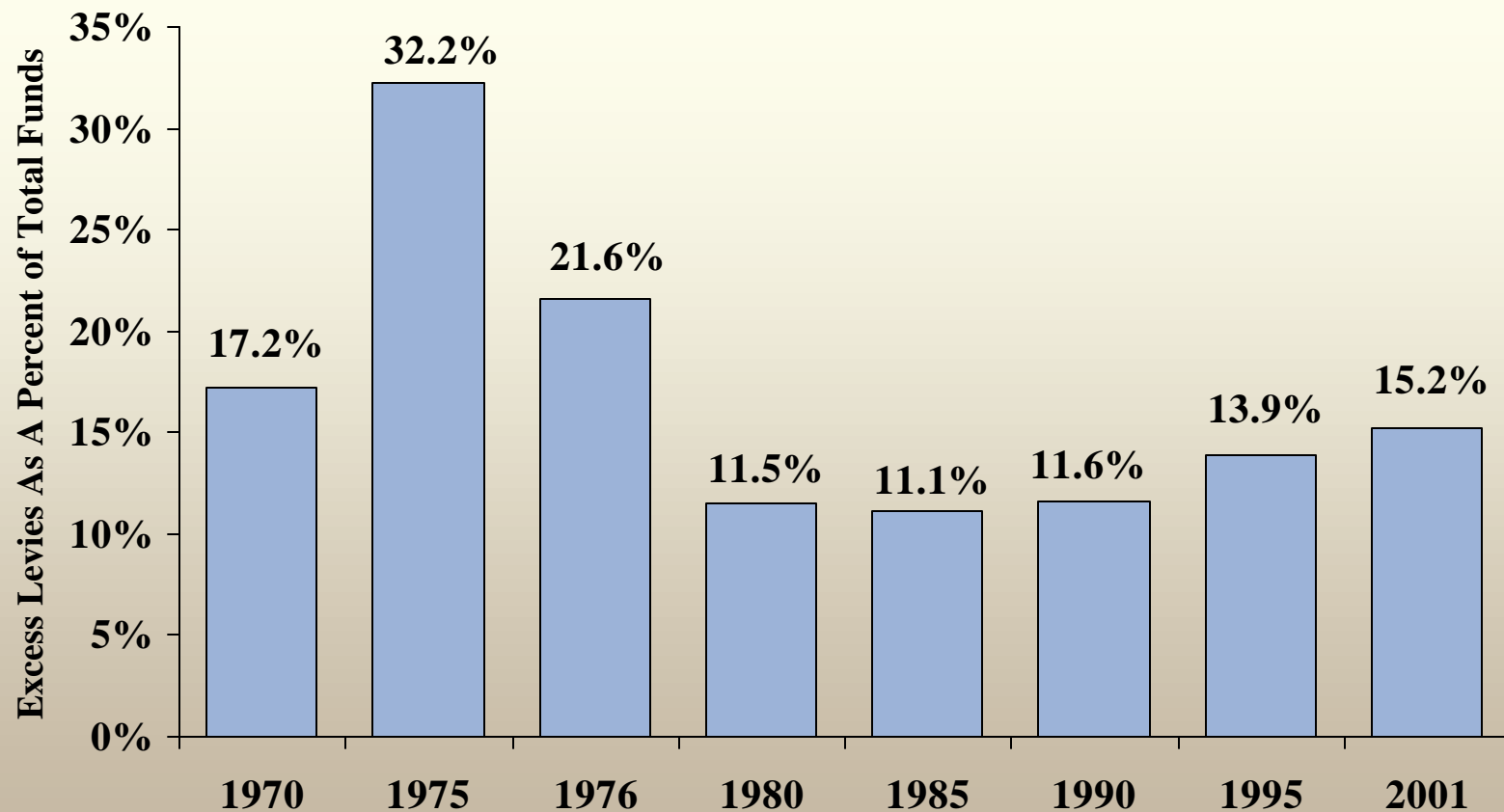
School Districts Currently Receive About 70 Percent of Their General Fund Revenues From the State



2001-02 Budgeted Revenue	
<u>Dollars in Thousands</u>	
State	\$5,093,394
Local Taxes	1,068,227
Federal	629,915
Other	<u>481,084</u>
Total	\$7,272,670

** K-12 Budgeted Revenue 2001-02 School Year.*

Levies As a Percent of K-12 Revenues Fell in 1976 Due to Significant Levy Failures. This Resulted in a Lawsuit Against the State and the Doran Decision

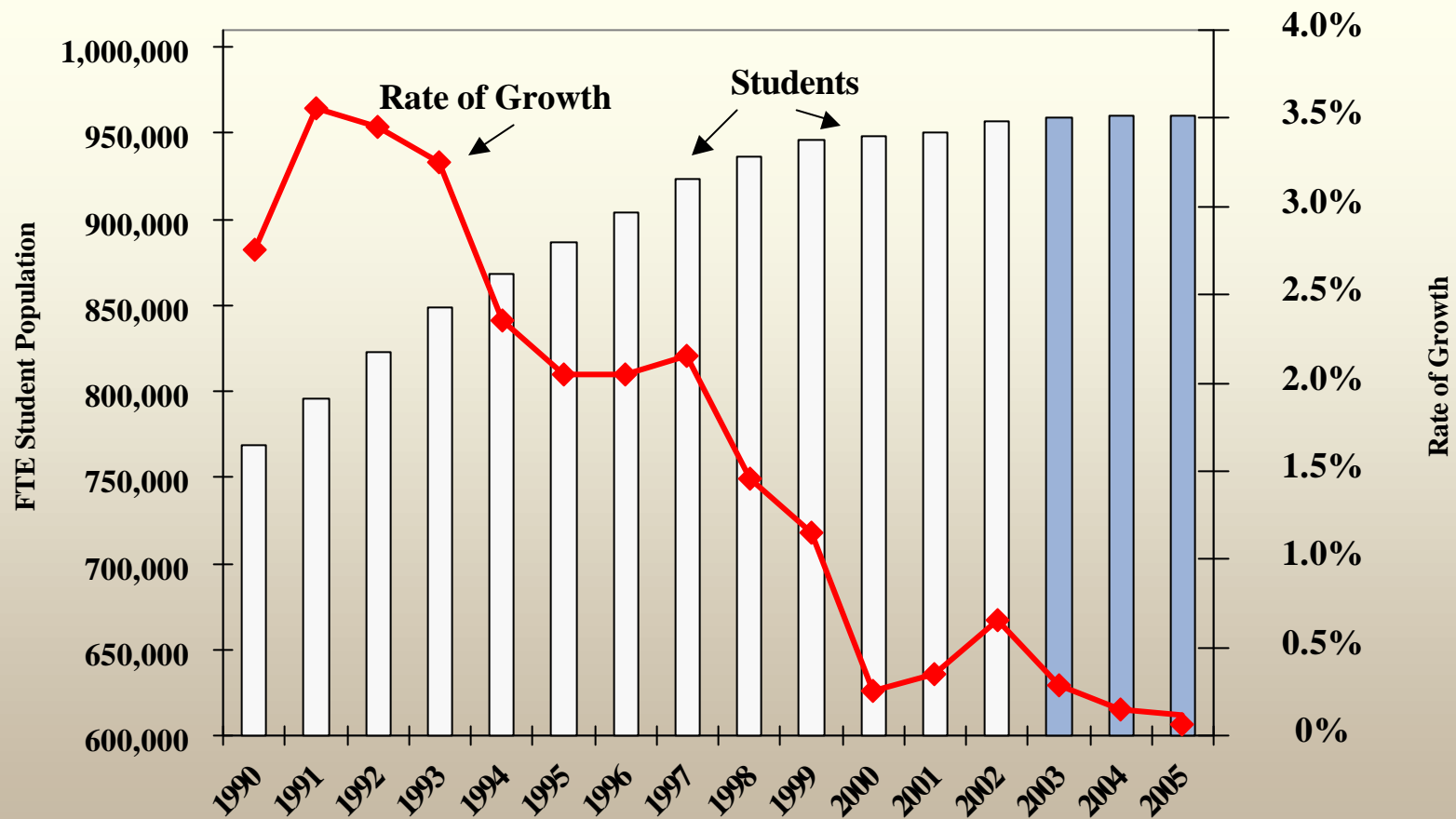


In the 2003-05 Biennium, About 85 Percent of State Funding is Considered “Basic Education”

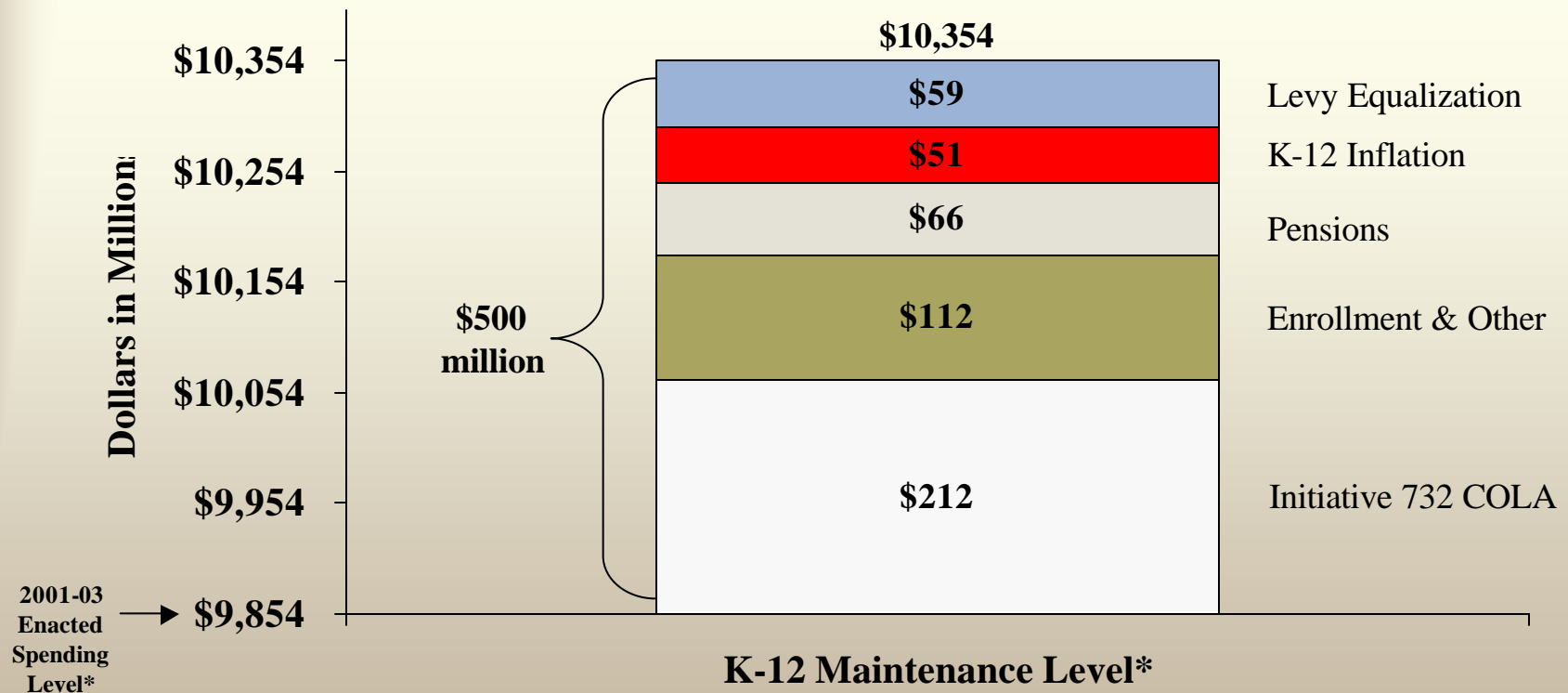
2003-05 BASIC EDUCATION PROGRAMS		
GENERAL APPORTIONMENT (RCW 28A.150.260)	\$7,729,393	70.3%
SPECIAL EDUCATION (RCW 28A.150.370)	885,584	8.1%
TRANSPORTATION (RCW 28A.160.150)	424,721	3.9%
LEARNING ASSIST. PROGRAM (RCW 28A.165)	128,296	1.2%
BILINGUAL (RCW 28A.180)	102,496	0.9%
INSTITUTIONS (RCW 28A.190)	37,440	0.3%
SUBTOTAL: BASIC EDUCATION PROGRAMS	\$9,307,930	84.6%
2003-05 NON-BASIC EDUCATION PROGRAMS		
STUDENT ACHIEVEMENT FUND (I-728)	642,613	5.8%
LEVY EQUALIZATION (LEA)	354,920	3.2%
COST-OF-LIVING INCREASES (I-732)	212,141	1.9%
K-4 ENHANCED STAFFING RATIO	194,579	1.8%
EDUCATION REFORM	75,021	0.7%
TWO LEARNING IMPROVEMENT DAYS	56,032	0.5%
STATE FLEXIBLE EDUCATION FUNDS	41,345	0.4%
BETTER SCHOOLS PROGRAM (Class Size)	31,515	0.3%
STATE OFFICE	24,822	0.2%
STATEWIDE PROGRAMS/ALLOCATIONS	19,796	0.2%
HIGHLY CAPABLE	13,286	0.1%
EDUCATIONAL SERVICE DISTRICTS	10,132	0.1%
FOOD SERVICES	6,200	0.1%
SUMMER SKILLS & EXTENDED DAY SKILLS CENTERS	5,040	0.0%
PUPIL TRANSPORTATION COORDINATORS	1,529	0.0%
Subtotal: Non-Basic Education Programs	\$1,688,971	15.4%
TOTAL- STATE FUNDS	\$10,996,901	100.0%

* This chart depicts the current law or maintenance level for the 2003-05 biennium.

The Growth in K-12 Enrollment Next Biennium is Projected To Be At Its Slowest Rate in Over a Decade



Primarily Because Other Factors, State Costs For Maintaining Current Programs and Services in the K-12 System are Projected To Grow By \$500 Million Next Biennium



* Reflects GF-S only. It does not include increased funds for the Student Achievement Fund or capital construction pursuant to I-728.

This Does Not Include the Increase in General Fund-State Revenue Transfers Associated With Initiative 728

Revenue Transfers From Initiative 728 (Dollars in Millions)

	<u>2001-03</u>	<u>2003-05</u>
Student Achievement Account		
From Lottery	116.4	76.5
From Property Tax	267.0	566.1
From Excess	?	?
Total	383.4	642.6
Education Construction Account		
From Lottery	73.2	127.5
Total	73.2	127.5
Grand Total	456.6	770.1

Governor's 2003-05 Budget Proposal

The Governor's K-12 Budget Proposal Adds \$173 Million in New Funding, Suspends \$433 Million, and Reduces Other Funding By \$114 Million

Governor's K-12 2003-05 Budget Proposal GF-S and Student Achievement Fund (Dollars in Millions)	
2003-05 Current Law	\$10,997
<u>Governor's K12 Budget Proposal</u>	
<i>Policy Adds</i>	<i>\$173</i>
<i>Delay I-728 Step Up</i>	<i>-\$221</i>
<i>Suspend I-732 Salary Increases</i>	<i>-\$212</i>
<i>Pension Rate Reduction</i>	<i>-\$64</i>
<i>Other Policy Reductions</i>	<i><u>-\$114</u></i>
Total Changes	<u>-\$438</u>
Governor's Policy Level	\$10,559

The Governor's Proposed K-2 Budget Suspends \$433 Million, and Makes \$114 Million in Other Reductions

❖ **Delays the Initiative 728 Step Up, -\$221 million**

The Governor eliminates the planned increase to \$450 per pupil in property tax allocation into the Student Achievement Fund. The allocation would continue at its current \$220 per pupil.

❖ **Suspends the Initiative 732 COLA Increase, -\$212 million**

The Governor provides no funding for I-732 COLA increases for K-12 and selected community college staff. The amount shown here is the K-12 impact of this proposed change.

❖ **Eliminates State Flexible Education Funds, -\$41 million**

The Governor eliminates funding for the State Flexible Education Fund block grant program created in the 2002 supplemental.

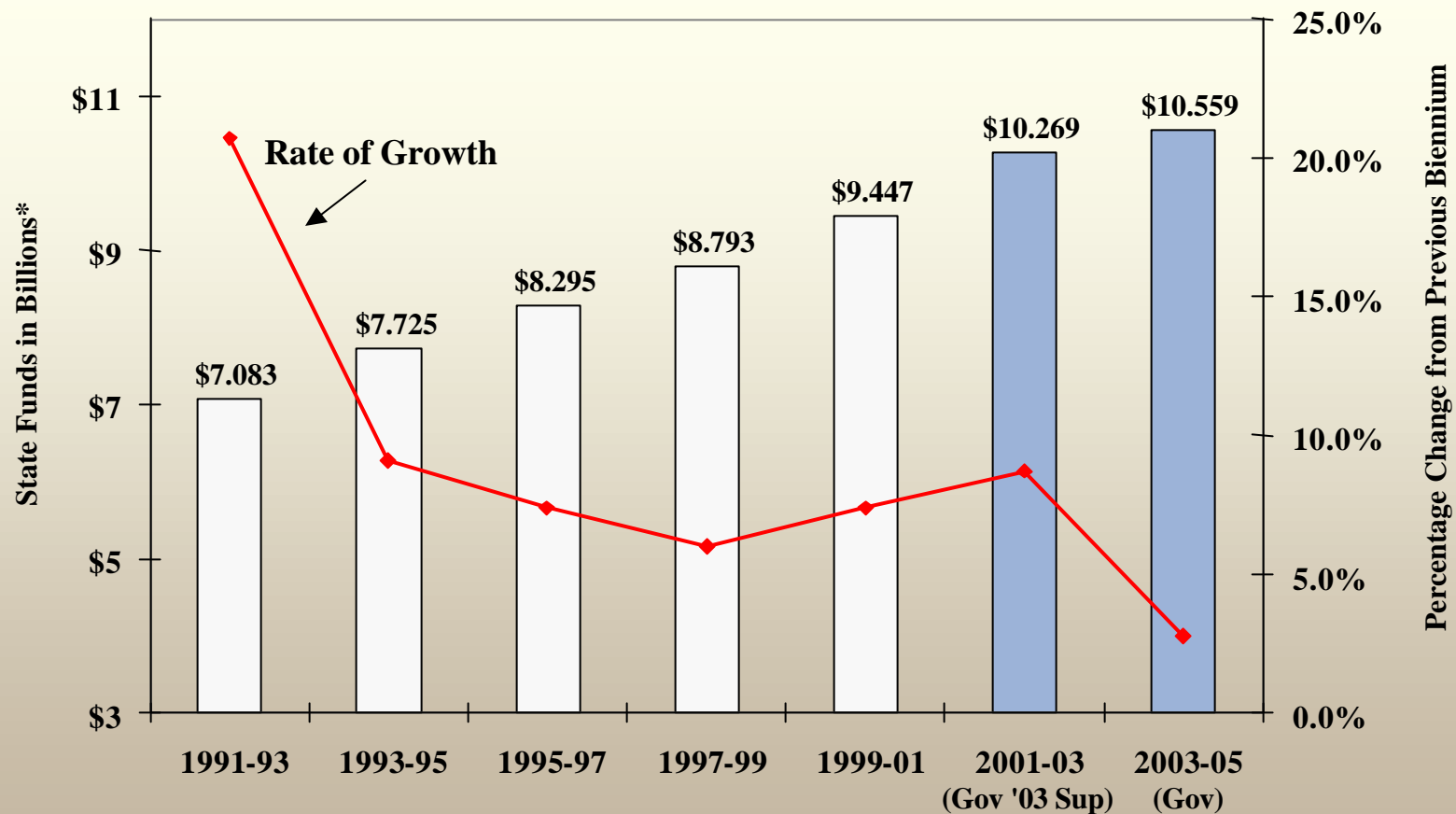
❖ **Changes Levy Equalization, -\$33 million**

The Governor proposes to equalize to 10 percent except for the 74 districts with the highest property tax rates, which would continue to be equalized to 12 percent. Currently, all qualified districts are equalized to 12 percent.

❖ **Eliminates or Reduces Various Smaller Programs, -\$40 million**

Among others, the Governor's proposal would reduce or eliminate the following programs: Readiness to Learn, Nurses Corp, Summer Vocational, Pacific Science Center, Alternative Routes to Certification by 60%, Laser Science Program, the Gifted program by 12%.

Total K-12 Funding Increases Under the Governor's Proposed 2003-05 Budget, But At a Slower Rate Than in the Previous Six Biennia



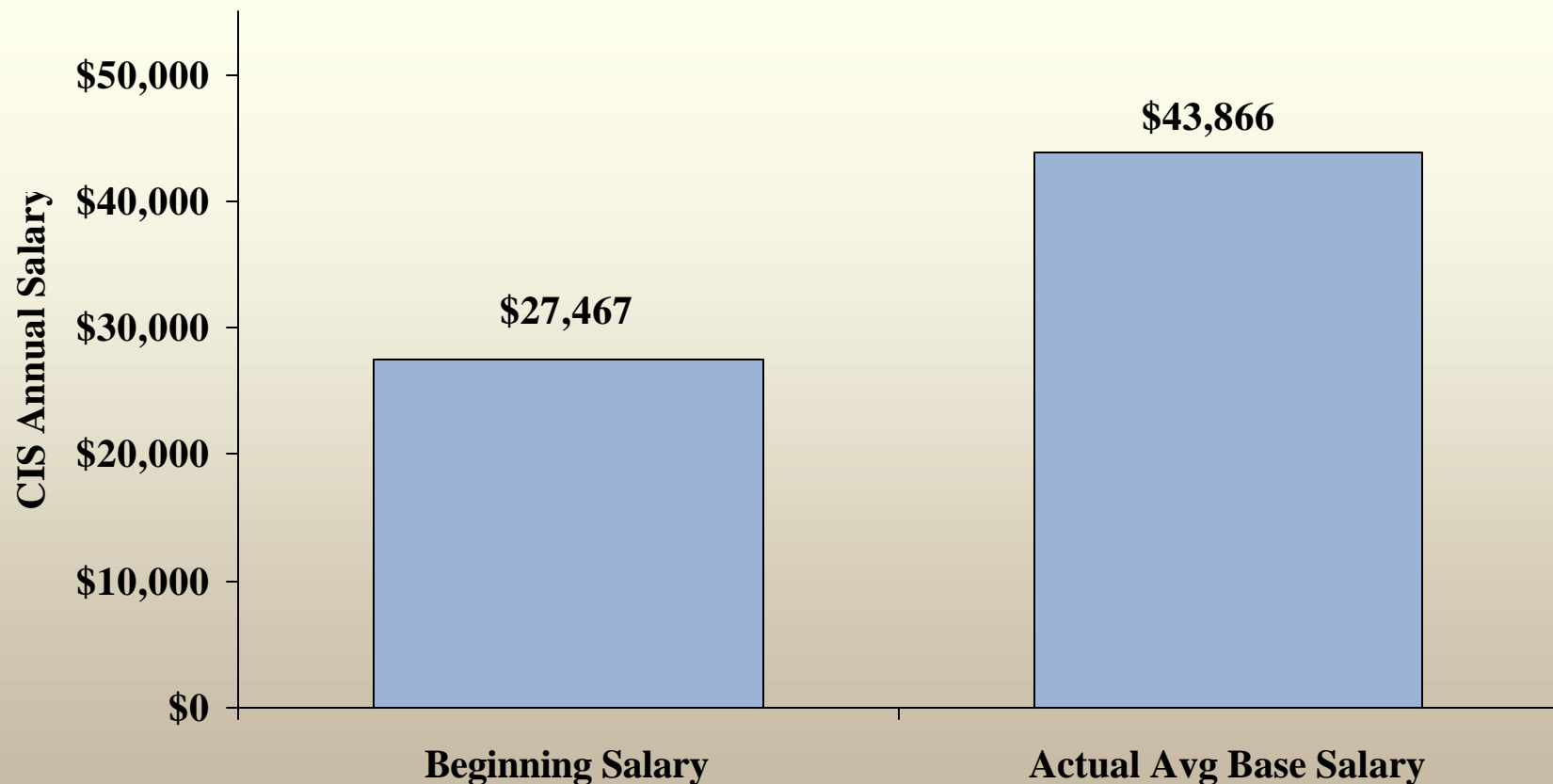
* Includes GF-S, Student Achievement Funds. For historical comparison purposes, Health Services, PSEA and VRDE are included in totals.

K-12 Compensation

The Salary of Certificated Instructional Staff is Governed By Statutory Restrictions As Well As Local School District Decisions and Collective Bargaining Agreements

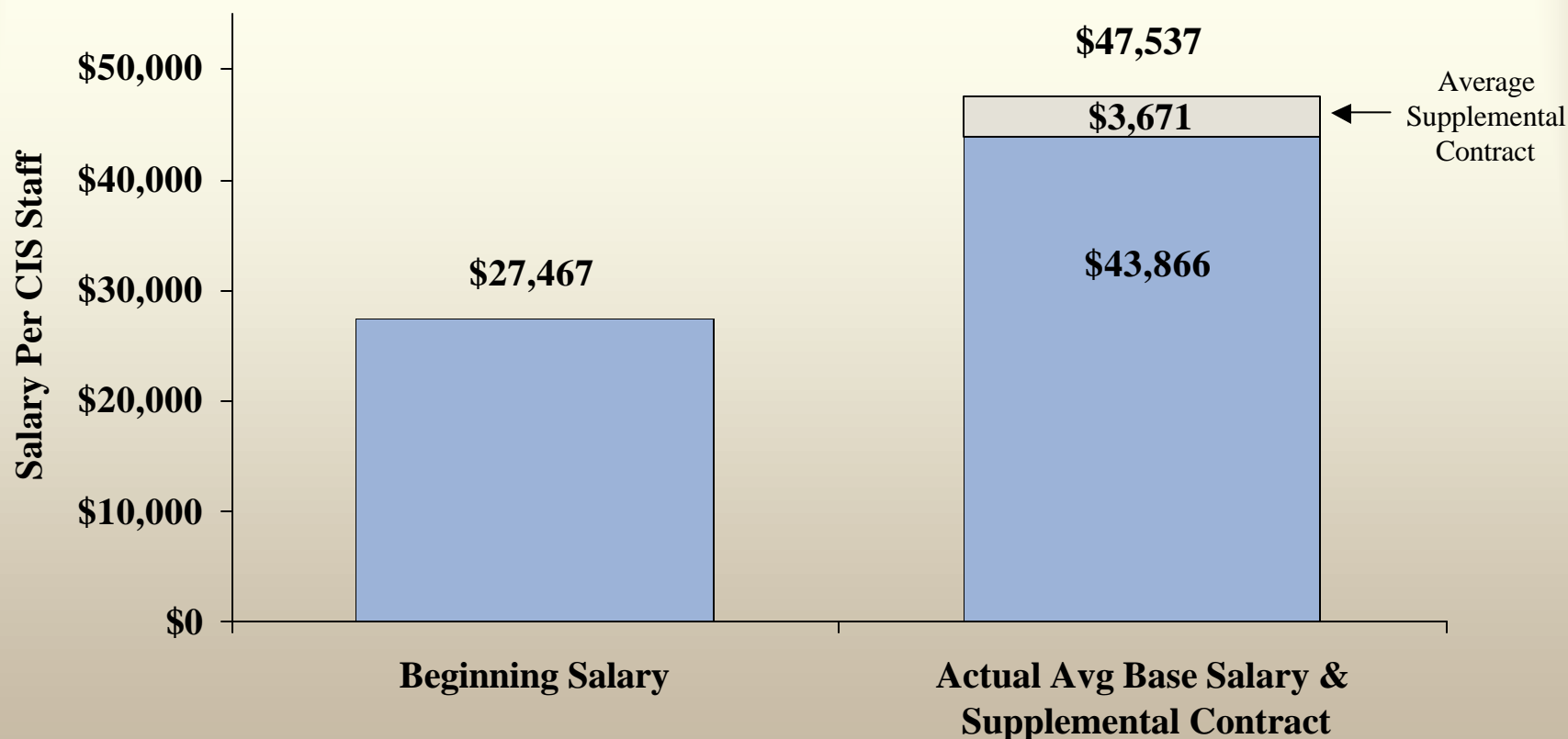
- ❖ *Each school board is empowered to set salaries for all employees in conformance with RCW 28A.400.200 and salaries are subject to collective bargaining.*
- ❖ *For purposes of allocating state funding, the state has an allocation schedule for certificated instructional staff, certificated administrative staff, and classified staff.*
- ❖ *Pursuant to RCW 28A.400.200, the beginning teacher salary and the salary for a teacher with a master's degree and 0 years of experience cannot be less than those provided on the state salary allocation schedule. Also, a district's actual average salary cannot exceed the district's average salary on the state salary allocation schedule.*
- ❖ *Supplemental Contracts for Certificated Instructional Staff*
 - ◆ Salaries can exceed these limitations only by separate contracts for additional time, responsibility and incentives (TRI).
 - ◆ TRI contracts are locally funded and may not cause the state any present or future financial obligation.

Last Year, the “Beginning” Salary For a Certificated Instructional Staff (CIS) Person Was \$27,467, and the “Average” CIS Salary Was \$43,866



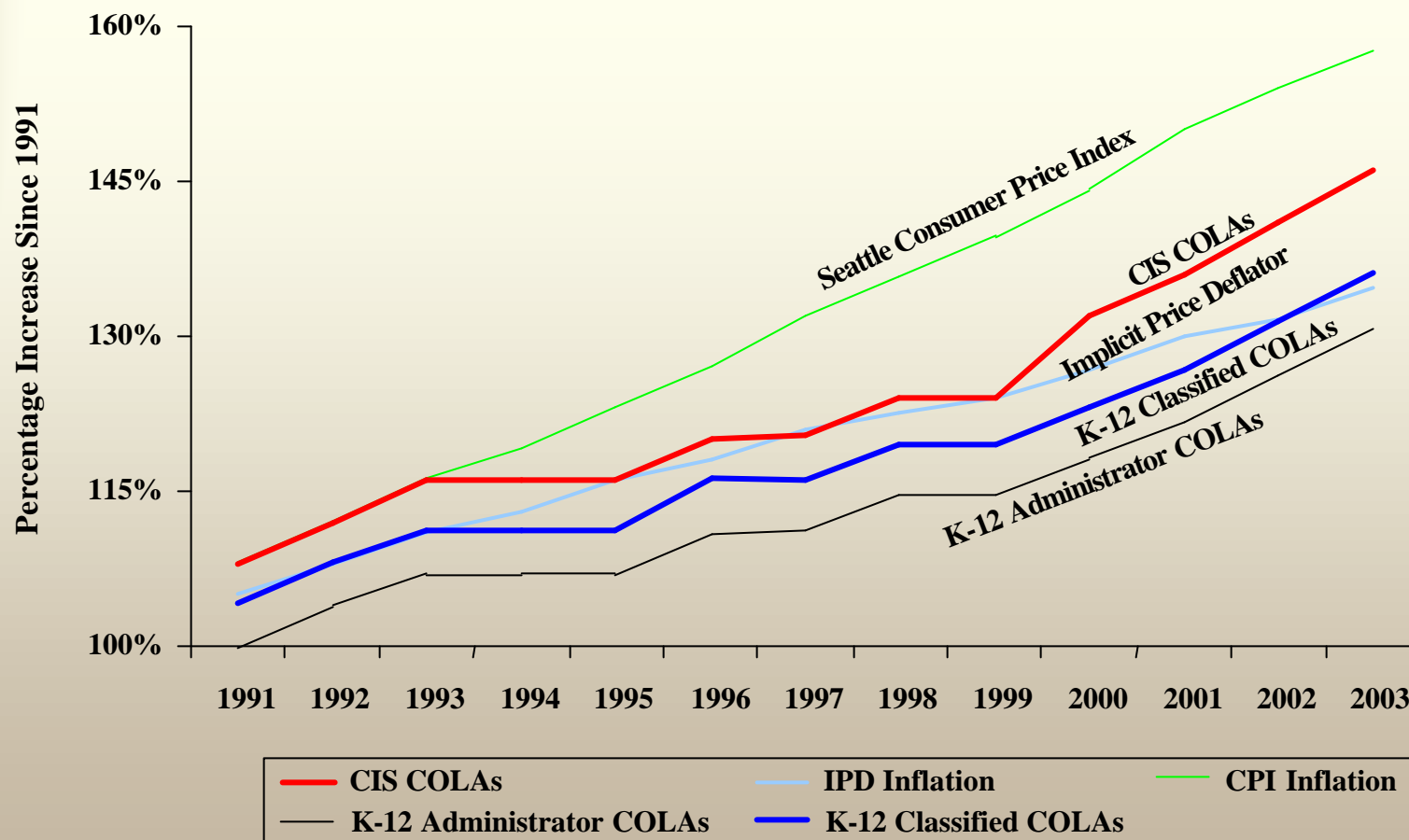
Note: Reflects 2001-02 school year data from OSPI S-275 data report, table 3.

If Supplemental Contracts (For Additional Time, Responsibilities, or Incentives) are Included, the Average CIS Salary Was \$47,537 in the 2001-02 School Year

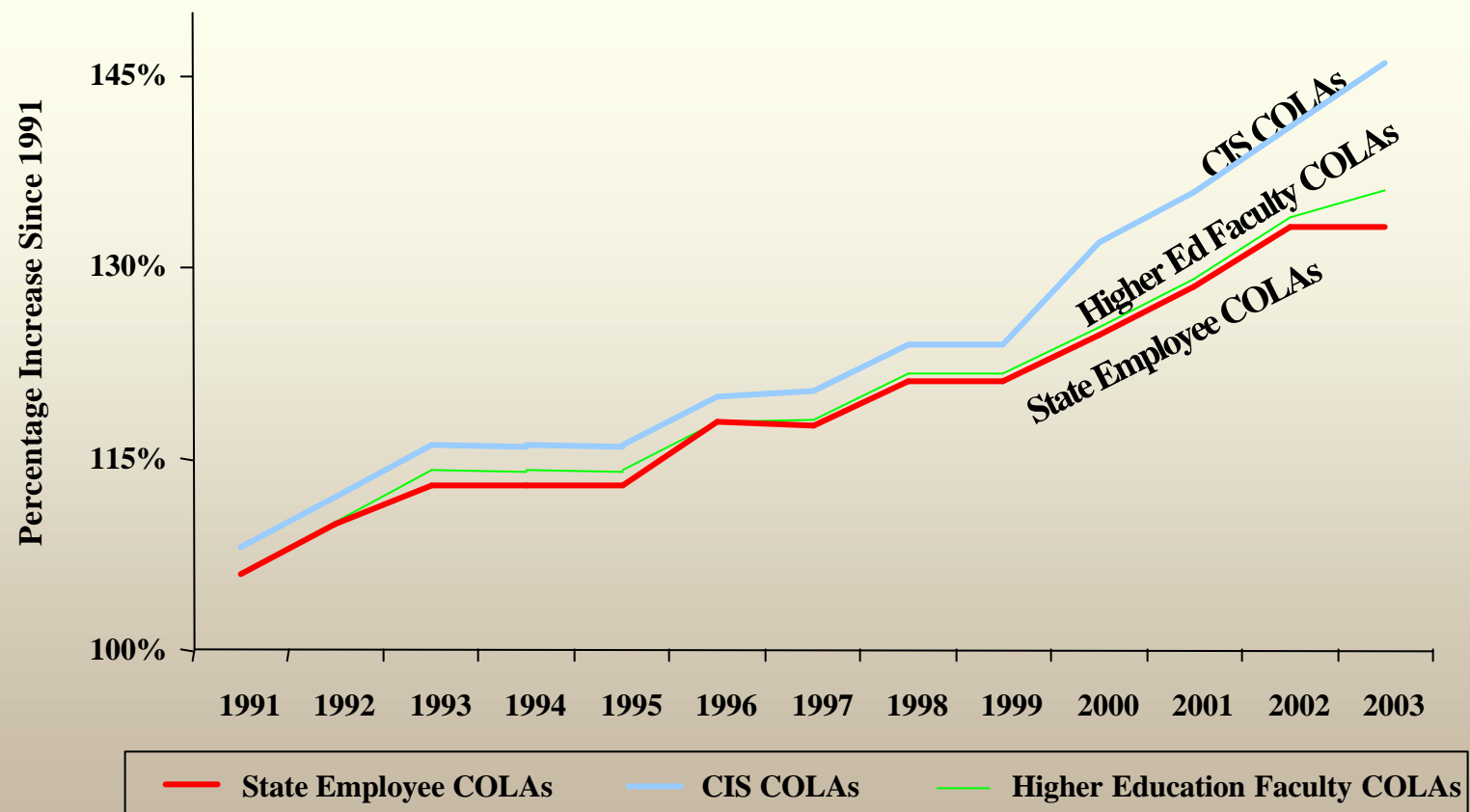


Note: Reflects 2001-02 school year data from OSPI S-275 data report, table 3.

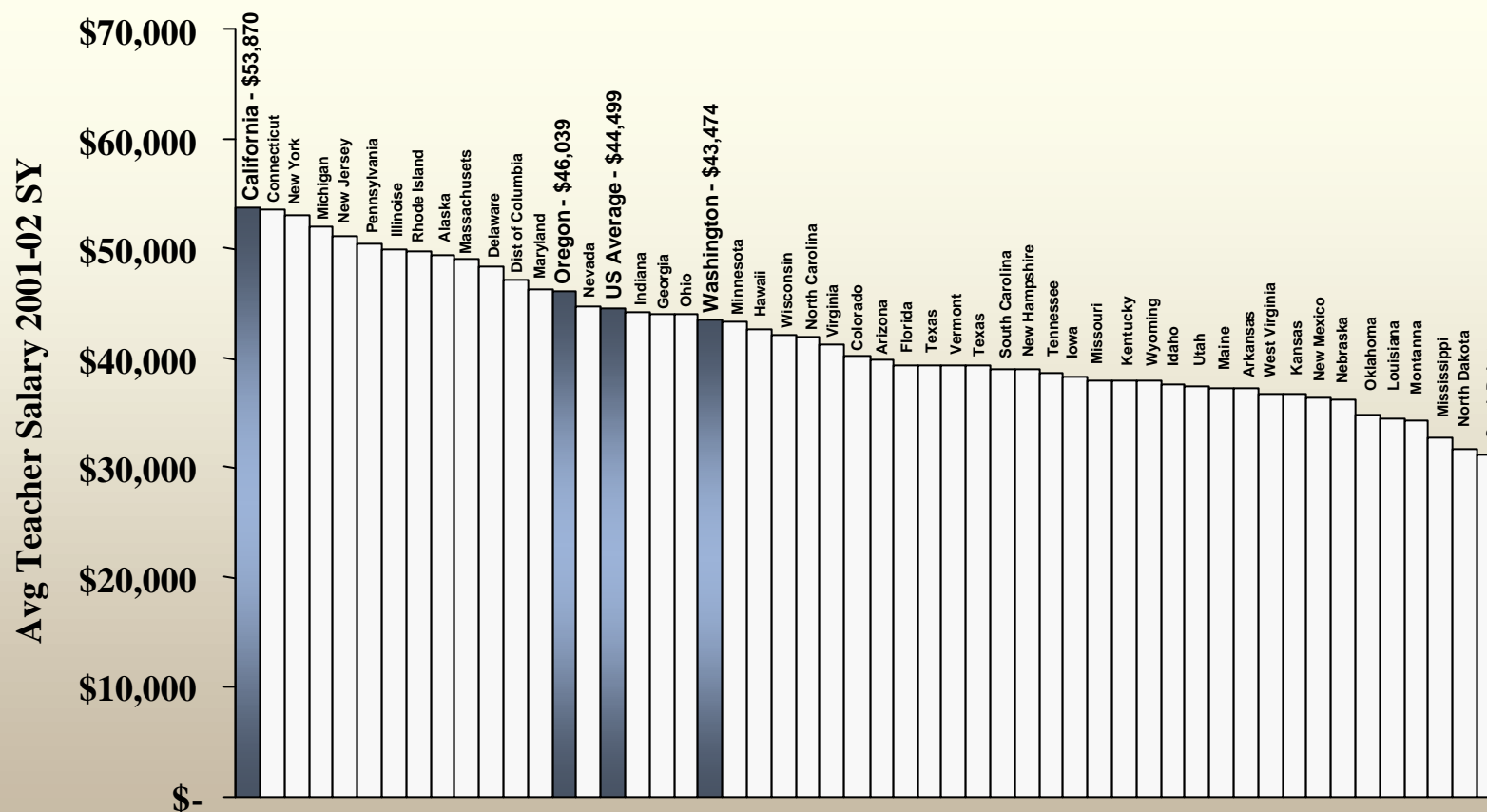
Legislatively Approved Salary Increases for Certificated Instructional Staff Have Exceeded One Measure of Inflation, but Lag Behind Another



CIS Salary Increases Have Exceeded Those of State Employees and Higher Education Faculty

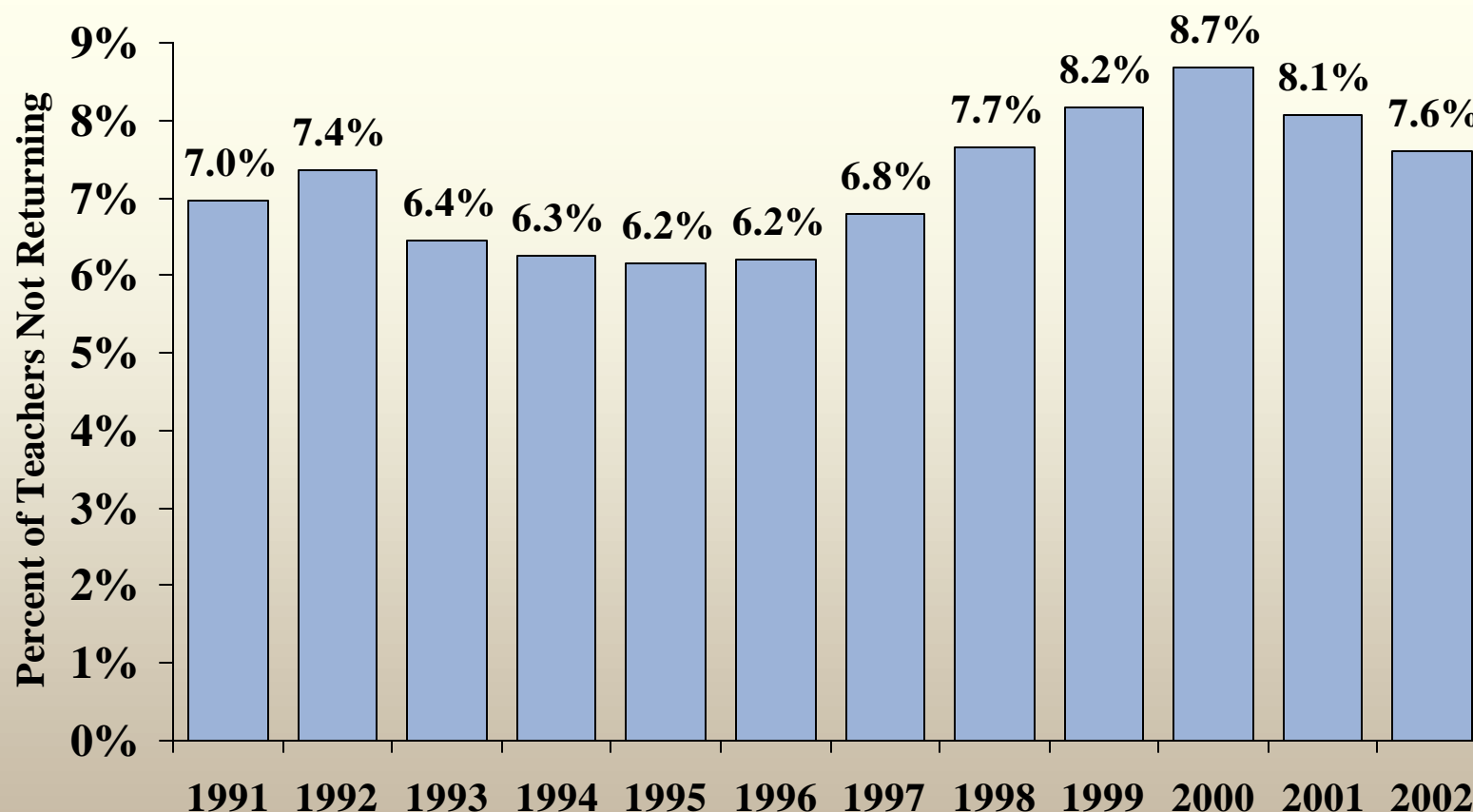


Washington's Average Teacher Salary (\$43,474) is Slightly Below the National Average (\$44,499) and Below That of California (\$53,870) and Oregon (\$46,039)



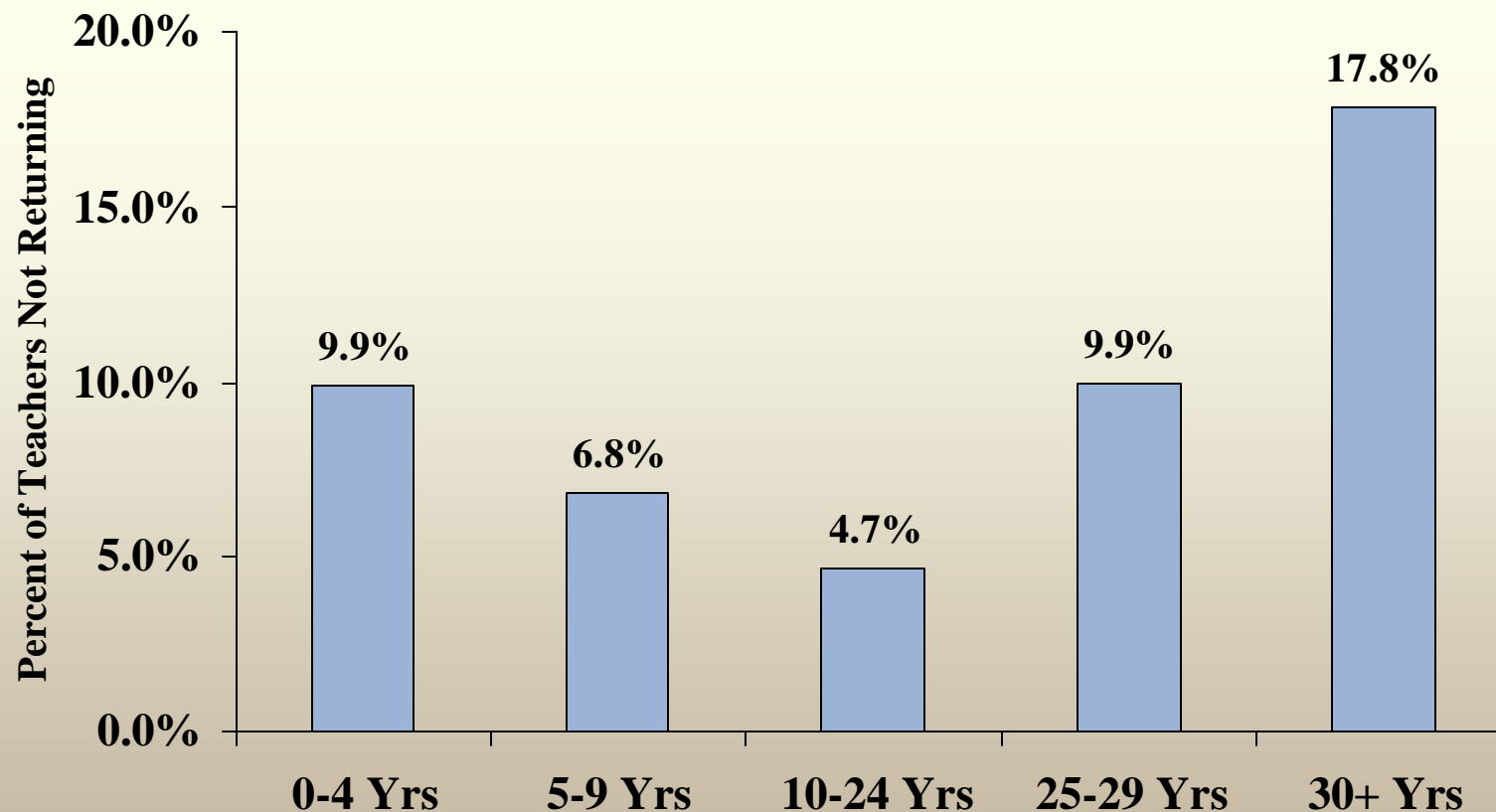
Notes: This reflects only the reported average salary from the Ranking & Estimates Update, 2002 Fall Update publication. It is not known whether or not other states report supplemental contracts. If supplemental contracts were included, it is possible that WA's rank would increase.

Overall Teacher Attrition is About a Half a Percent Higher Than it Was in 1991



Source: 2001-02 school year data compiled by the LEAP Office. Data include only classroom teachers.

In the 2001-02 School Year, the Attrition Rate For Beginning Teachers and Those With Over 25 Years of Experience is Higher Than For Teachers With 5-24 Years of Experience



Source: 2001-02 school year data compiled by the LEAP Office. Data include only classroom teachers.

The Supreme Court Recently Issued a Decision On a Lawsuit Dealing With Initiative 732 (School District Employee COLAs)

- ❖ In the current biennium, the state allocated I-732 salary dollars to districts for state formula driven staff and did not provide allocations for federal or locally funded staff.
- ❖ As the result of a lawsuit, the state Supreme Court ruled in December 2002 that the Initiative required the state to pay for the salary increases for all district staff regardless of the source of funding for their underlying salaries.
- ❖ The Court also struck down the part of the Initiative asserting that the salary increases were within the definition of basic education.
- ❖ The court declined to order the state to appropriate money for the COLAs. The court left unclear the "separation of powers" issue: can the courts order the Legislature to appropriate money for a program that is not constitutionally required? The court declined to answer that question. The court opinion did not directly address the issue of retroactive application of its decision to the 2001-03 biennium.

The Total Cost (For State, Federal, and Local Staff) of the Initiative 732 COLA is \$442 Million in 2001-03 and \$923 Million in 2003-05

